

Congress of the United States
House of Representatives
Washington, DC 20515-2506

**TESTIMONY OF CONGRESSMAN SAM GRAVES (MO-06) BEFORE THE HOUSE
COMMERCE, JUSTICE, SCIENCE AND RELATED AGENCIES SUBCOMMITTEE
OF THE HOUSE COMMITTEE ON APPROPRIATIONS FISCAL YEAR 2018 BUDGET
HEARING
TUESDAY, FEBRUARY 28, 2017**

Chairman Culberson and Ranking Member Serrano, thank you for the opportunity to provide testimony on a rather important issue, not just for my district in Missouri, but nationwide. I am proud to testify on behalf of a federal program that produces broad-based benefit across all 50 states and all segments of the economy. It generates significant return on investment and is supported by private industry. It performs a function that cannot be effectively accomplished by private industry. Furthermore, it improves our nation's economic strength and security and helps address critical national needs, like cybersecurity. For the Baldrige Performance Excellence Program, which is located within the Department of Commerce's National Institute of Standards and Technology (NIST), I am requesting that the subcommittee provide \$7.5 million in the Fiscal Year 2018 Commerce, Justice and Science Appropriations bill for the Baldrige Performance Excellence Program in order to restore funds that have been withheld since fiscal year 2012.

Established nearly 30 years ago under President Reagan, this small program was tasked with a great purpose: improving the quality and performance of businesses in the US so as to improve our national competitiveness and our economy as a whole. To accomplish this, the program was given a three-pronged mission:

- 1) Establish an objective and impartial standard of quality and performance by convening experts from industry,
- 2) Perform assessments by utilizing highly qualified industry experts to identify role model organizations deserving of presidential recognition.
- 3) Foster the use of the standards and share the best practices of the role models, reaching as many organizations as possible throughout the U.S.

It is important to say again that Baldrige has always been, and continues to be, a public-private partnership. This is a small program with limited staffing that leverages the private sector for the financial, intellectual, and human resources necessary to accomplish its mission. The vast majority of the work is performed by volunteers from all sectors of the economy and nearly every state. Let me reiterate that ... this program selects, trains, and utilizes nearly four hundred

volunteers every year. There is so much interest that they have to turn away nearly half of all the first-time volunteers who apply. These volunteers participate out of a sense of patriotism and civic duty to help strengthen America's competitiveness in the world. This in-kind support is equivalent to nearly \$8 million per year.

In concert with its mission, as with all standards developed at NIST, the Baldrige Program convenes industry representatives and gathers broad input to develop and update the impartial and widely accepted Baldrige Excellence Framework. Recognized and emulated across the nation and around the globe, it is used by thousands of organizations as a trusted standard of proven leadership, management, and organizational improvement practices; it is also the basis for the presidential Baldrige Award and the more than 30 independent state, local, and regional award and recognition programs that nearly every state (including Texas, Mr. Chairman, and my own state of Missouri); it is the basis for sector-specific programs such as those serving the long-term care industry and the United States Army; and it is adopted or adapted by numerous certification and accreditation programs that serve small business development centers, business school accreditation, and hospital accreditation programs.

To date, there have been over 1600 Baldrige award applicants, 113 Baldrige Awards presented, and thousands of organizations applying for assessment and recognition at the state level. Award winners represent role models in all sectors of the economy, manufacturing, service, small business, health care, education, nonprofit, and government. The Baldrige Award is not given out lightly. These organizations must demonstrate to private-sector examiners that they have mature, effective processes that are continuously evaluated and improved to produce outstanding results in support of their organization's mission, vision, strategic objectives, and the needs and expectations of their key stakeholders. The Baldrige Program ensures the evaluation process is objective, unbiased, and free from inappropriate influence and conflicts of interest, unlike most industry- or organization-managed recognitions. And this is why they "trust" the Federal Government with their proprietary informational and intellectual capital contained in their submissions. These role models also agree to share their best practices with others to help them improve. These recipients have given approximately 55,000 presentations, reaching hundreds of thousands of other organizations. Mr. Chairman, 13 organizations from Texas have earned this prestigious award, including outstanding manufacturers, service businesses, health care organizations, small businesses, and educational institutions. This is the most from any state, but Missouri is close behind with 11.

During this year's Baldrige national conference in April, one of this year's recipients, Memorial Hermann Sugar Land Hospital, from Houston, Texas will be sharing how they achieved stellar results with extraordinary processes which, when replicated across hospitals throughout the United States, will increase the efficiency and effectiveness of hundreds of health care organizations nationally, and save lives.

Although originally focused on addressing the quality crisis of the 70's and 80's by improving the quality, performance, and global competitiveness of businesses in the U.S., it wasn't long

before other sectors saw the impact of the Baldrige model and pushed for official inclusion in the Program. Congress, recognizing the benefit to the nation and our economy of having better educated and healthier citizens, expanded the Program to include health care, education, and nonprofits. From the very beginning, the Baldrige Excellence Framework and its Criteria for Performance Excellence have been put through a regular cycle of evaluation and improvement based on broad private-sector inputs to ensure that it remains a relevant and valuable standard that enhances efficiency, effectiveness, competitiveness, and sustainability through promoting organization-wide excellence.

Mr. Chairman, the Baldrige Program creates approximately \$1 billion in economic benefit each year through the establishment and maintenance of this globally recognized and emulated standard of excellence and through the provision of assessments for award applicants, each of whom gets a comprehensive feedback report to improve their organization. In 2011, the year before funding was eliminated, an economic impact study by two independent economists determined that the Baldrige Program had created over \$24 billion in economic benefit for the nation, or stated another way, the Program demonstrated an 820:1 benefit-to-cost ratio. Additionally, you should keep in mind that this study only considered the impact based on the relatively few applicants for the Baldrige Award. This study did not consider the extended impact of the program based on the tens of thousands of organizations who use the Baldrige Excellence Framework as a management guide and a self-assessment tool; who are served by the more than 30 independent state or regional programs; whose accreditation or certification program is based on the Baldrige framework; or who attended a presentation by a Baldrige award recipient and took away and implemented their best practices. Considering all that was not included in their study, 820:1 is most likely an underestimate.

The Baldrige Program is important to me because the State of Missouri and the Sixth District have benefited greatly from it. In my district, the Park Hill School District of Kansas City is a two-time award recipient at the state level. Park Hill provides world-class K-12 education to students in the southern Platte County area. Golden Valley Memorial Healthcare (GVMH), a two-time top state award recipient, has been recognized as a top performing home health agency in the United States for four years in a row. It has also been named one of the "150 Greatest Places to Work in Healthcare" with over 90% of the staff saying they were satisfied or very satisfied with GVMH and willing to recommend it to others.

In Missouri, Baldrige Award recipients who share their best practices for the good of the state and the nation include two-time recipient MidwayUSA, an Internet retailer offering "Just About Everything" for shooting, hunting, and the outdoors, and a world leader in its market sector; Nestlé Purina PetCare Co., which ranked first in market share for pet care products in North America; Mid-America Transplant, a groundbreaking innovator in organ recovery and transplant; SSM Health and Mosaic Life Care, two role-model health care providers; and many others.

Over the past two years, applicants from Missouri represent 4,916 jobs, 61 work locations, more than \$1.3 billion in revenues/budgets, and more than 16 million customers served. During that time, Missourians volunteering with the Baldrige program donated approximately \$389,000 worth of services to the Baldrige program.

Mr. Chairman, these are only a few instances of the benefits my district and the State of Missouri have received from the Baldrige Program. However, there are many stories of success across the nation as a result of the Baldrige Program. Its nationwide presence is improving competitiveness in all fifty states and the quality of life of citizens nationwide. All Members of the Committee have constituents who have benefited from Baldrige and will continue to do so if we can restore the public funding to this very successful public-private partnership.

It was the success of the Baldrige Program's assessment, recognition, and best-practice sharing model that brought it to the attention of Tony Scott, the recently departed Federal Chief Information Officer within the Office of Management and Budget. As a part of his responsibilities for improving federal cybersecurity and the cybersecurity of our nation's critical infrastructure, Mr. Scott advocated for a Baldrige-based cybersecurity excellence program. That has led to the Baldrige Program working with the NIST staff, responsible for the Cybersecurity Framework, and a broad set of industry representatives and cybersecurity experts to explore this opportunity. To date, they have developed the "Baldrige Cybersecurity Excellence Builder," a self-assessment tool that leverages the leadership, strategy, process improvement, and results focus of the Baldrige Excellence Framework and NIST's Cybersecurity Framework in order to help organizations assess the effectiveness of their efforts to protect themselves and their customers from cyberattacks. I should note, Mr. Chairman, that this program will be developed with heavy private sector input from industry-leading organizations and professionals. These companies will share their best practices with NIST because they can trust NIST to be fair and confidential with their information and release standards that do not favor one organization or technology over.

Despite the effectiveness of this program, funding was cut for the Baldrige Program in 2012. Instead of shutting the doors, the Baldrige Program embarked on a major transformation, streamlining operations, reducing labor and other costs, and developing revenue streams to replace the loss of funding. The Program has reduced expenses by more than 60% and has nearly tripled its operating revenues, extending its ability to continue providing products, services, and its public benefit. However, this would not have been possible without the financial support of the Baldrige Foundation, a private non-profit established to help support the Program.

Since Fiscal Year 2012, the private Baldrige Foundation has paid salaries and expenses for employees and program operations at the Baldrige Program office in NIST from its own foundation assets. To date, the Baldrige Foundation has provided almost \$22 million in private funds for salaries and expenses of public employees at NIST.

Mr. Chairman, the private Baldrige Foundation's endowment has been drained of all of its funds. After this year, it can no longer afford to pay for the federal operations at NIST. If public funding is not restored, the Baldrige Performance Excellence Program will end. Mr. Chairman, this is not a new program or an earmark. This is an existing program that was authorized in 1987 by Public Law 100-107, and was funded every year by the federal government until Fiscal Year 2012. Mr. Chairman, I am all for being a good steward of taxpayer funds and eliminating programs that do not work for the American public. However, the Baldrige Program is not one of those programs.

Some may say, this is important work, but the private sector can do it. Mr. Chairman, our U.S. companies are competitive with each other, as they should be. They don't want to use standards created by a competitor or an organization with some vested interest in a particular approach for financial gain. The public-private partnership managed by the Baldrige Program and Baldrige Foundation is a place where organizations know they are getting objective, valid standards developed in consensus with the private sector and a bias-free, conflict-of-interest-free assessment by peer volunteers. For just a small investment, we can ensure that the Baldrige Excellence Program will continue to help U.S. organizations raise the standards of excellence in health care, business, and education, while also working to enhance our nation's cybersecurity. Thank you Mr. Chairman.